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ABSTRACT

A brief report traces some important connections between the central choices facing Canada and the three quarters of the world's population that live in the developing regions of Asia, Africa, and Latin America. Specific aspects of Canadian Prime Minister Brian Mulroney's governmental policy are examined. The following topics are considered: Canadian jobs and the third world export market, the African drought and famine crisis and its lessons for Canadian aid programs, and Mulroney's foreign policy approach. Special sections provide one page background pieces to help bring the reader up to date on the issues discussed in the body of each section. (LP)

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Review '84
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The Mulroney Program and the Third World

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The sweeping majority won by Brian Mulroney's government in all regions on September 4, 1984 launched a new era for Canadian policy in many areas. The processes of policy review, consultation and change under way are already generating fresh debate among Canadians about their future.

This brief report will attempt to trace some important, but often overlooked, connections between the central choices facing Canada and the three-quarters of the world's population that live in the developing regions of Asia, Africa and Latin America. We will show how the November 5 *Speech from the Throne*, the November 8 *Agenda for Economic Renewal*[1] and other early statements of the Mulroney government are tightly, if not yet consciously, linked to dynamic trends and sweeping changes in the Third World.

One recurring theme of the early Mulroney program has been "jobs, jobs, jobs" — we have been able to calculate some concrete costs to Canadian workers and industries of the recession and cutbacks in fast-growing Third World markets. Another theme has been the need to stimulate investment flows and ensure financial stability — our analysis here shows that our own financial fate is now tied, for better or for worse, in sickness and in health, to that of Third World borrowers.

On the bread-and-butter Canadian issues of exports, imports and jobs, interest rates and inflation, competitiveness and productivity, it is now possible, without special pleading or sentimentality, to show that *the Third World matters*, importantly and increasingly, to our domestic growth and prosperity.

On another front too, Third World events in 1984 gripped Canadians, and their government, in a way that many would not have thought possible. The sudden awareness of drought-stricken Africa's protracted agony moved Canadians not only to unprecedented concern and compassion, but also to new, insistent questioning about *why* such tragedies recur, and what we have been doing, and should be doing, to help prevent them.[2] This awareness came in a year when the new government postponed by five years the date for reaching the 0.7 percent of GNP aid target and both the Liberal and Conservative governments cut back Canada's official foreign aid budgets (by $56 million and $180 million respectively), and in which the political discussion of aid drifted even further away from coherent, long-term strategies.

We will show here how Africa rightly represents a *crise de conscience* for Canadian aid as the government prepares to launch its foreign policy review, involving consultations with the general public.[3] On this occasion, the Canadian media have done their share to begin to inform audiences not only of the immediate tragedies but also the longer-term roots. There will be no excuse if, at the end of the first Mulroney term, Canada has not done much more, and better, than under its predecessors.

It is always too easy, on huge and complex world issues, for commentators to call for better performance and urge greater 'political will', but the issues we touch on here are now past the point of worthy generalization. Much is known about ways and means to move forward, and some of the avenues being opened up in the Mulroney program could lead toward major improvements. In the final section of this paper we will briefly outline some of the directions which should be most clear, and some of the milestones of progress that Canadians might want to check, as we will, at the end of 1985.

[1] Canada, Department of Finance, *A New Direction for Canada: An Agenda for Economic Renewal*. Ottawa, November 1984.

[2] Africa's development problems have been the focus of many recent studies. See, for example, *Briefing Paper* 6, "Africa's Economic Crisis" (Ottawa: North-South Institute, February 1983).

[3] The North-South Institute will issue a final report on its three-year evaluation of the Canadian aid program in 1985 as a contribution to public discussion.

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The Third World and "Jobs, Jobs, Jobs" in Canada

"...unemployment [is] Canada's most debilitating problem and most critical national challenge."
Speech from the Throne, November 5, 1984.

Before the onset of recession in 1981, Canada's trading and financial links with the Third World were among the most promising growth opportunities for the Canadian economy. Though traditionally smaller than comparable flows between the Third World and other industrial countries, these links had grown rapidly and were becoming increasingly important to economic growth in every region of Canada.

Since 1981, much of this dynamism has been lost. The basic sequence is now familiar. World recession and strengthened protectionism choked back exports from the developing world, forcing Third World governments to borrow much more heavily to sustain imports and investments. The accumulating debt load and slow recovery placed severe limits on further credit and many countries had to make drastic adjustments by reducing government expenses, social services and cutting back on imports of all kinds.

Exports are critically important to the Canadian economy. In 1981 they accounted for 67 percent of the output of goods-producing industries; exports to developing countries accounted for 8 percent of total industrial output and 11 percent of all exports. In the five years prior to 1981, developing countries' purchases of Canadian products had been increasing at an average annual rate of over 20 percent, well above the growth rate of Canada's total exports, and of exports to the United States. Moreover, the developing country share of Canada's total exports, though small in comparison to that of other industrial countries, was growing more than twice as quickly.

Little of this dynamism has been evident since 1981. After two consecutive years of decline, Canadian export sales to developing countries in 1983, at $8.7 billion, were 5 percent below the 1981 peak and accounted for less than 10 percent of total Canadian sales. In the first seven months of 1984, this share dropped again, to less than 9 percent. Exports to Asian markets continued to grow rapidly, but have been more than offset by severe declines in exports to African and Western Hemisphere developing countries (22 percent and 54 percent respectively) between 1981 and 1983.

Table 1

Canadian Exports to Argentina, Brazil, Mexico and Venezuela, 1980-83: Exports of Selected Products by Province of Origin
($ million)

Origin[a]/Product	1980	1981	1982	1983
Canada				
Total Exports:				
Argentina	226.2	150.0	77.8	67.2
Brazil	893.2	678.0	537.0	596.2
Mexico	483.9	715.3	446.1	375.3
Venezuela	656.1	545.2	437.7	231.8
	2,259.4	2,088.0	1,498.6	1,270.5
British Columbia				
Fruit and fruit preparations	1.3	1.1	0.3	—
Asbestos	4.3	3.2	3.3	1.9
Forestry products	44.4	39.3	23.4	30.8
Western Canada				
Fertilizer	86.3	59.2	27.8	32.3
Ontario				
Iron and steel	71.7	53.1	50.4	35.2
Quebec				
Asbestos	30.5	29.6	22.1	17.2
Aluminium	25.3	6.4	1.6	0.6
Nova Scotia				
Steel rails	31.5	32.6	—	—
Prince Edward Island				
Vegetables	9.7	7.3	5.3	6.3
Newfoundland				
Newsprint	34.9	40.0	30.0	28.6
Central and Eastern Canada				
Chemicals	42.1	12.3	11.3	8.3
Machinery	124.9	144.3	122.6	65.8
Motor vehicles	542.2	401.2	262.3	182.5
Forestry products	132.8	177.0	123.7	94.3
Copper, nickel and zinc	74.0	59.5	20.4	9.7

[a] Province of origin has been determined using data on exports by province of lading. Care has been taken to aggregate data or assign values to the province of probable origin in cases where products shipped for export in one province may have been produced elsewhere.
Source: Canada, Statistics Canada, *Trade of Canada. Exports by Country*, Table 3, various years.

The Regional Impact in Canada: Four Latin American Markets

A large part of the shrinkage of Canadian exports to developing countries comes from a drop of nearly $1 billion between 1981 and 1983 in exports to four major Latin American markets: Argentina, Brazil, Mexico and Venezuela. In 1980 these four countries together accounted for over one-quarter of our sales to the Third World. In contrast, their 1983 share was less than 15 percent. The effects of their import cutbacks have been felt in many regions and sectors of economic activity in Canada.

As shown in Table 1, British Columbia fruit producers have lost virtually all of their markets in the four countries, while western forestry, asbestos and fertilizer producers have also been severely affected. In Atlantic Canada, exports of vegetable products from Prince Edward Island to the four countries declined by one-third between 1981 and 1983, and sales of Nova Scotia steel rail to Mexico ceased altogether. Similarly, declining export sales in these markets were recorded for a wide range of products produced mainly in Ontario and Quebec, including motor vehicles, machinery, iron and steel, non-ferrous metals, asbestos and forestry products. While existing data and methodologies in Canada do not permit a precise calculation of the job-eliminating impact of such lost export markets, the totals are now clearly huge, and Canada-wide. The fact that developing country markets take a much larger share of our goods in *manufactured* form than our other markets, and have grown so much faster, means that our job losses are especially severe when they must cut back purchases from us.

The Import Side of the Ledger

Trade is a two-way street, and Canadian imports from developing countries were also hard hit by the effect of recession here. With the drop in economic activity, sharper in Canada than in any of the other major industrial countries, our 1982 imports from non-oil developing countries fell by 17 percent from the previous year's level. This vastly exceeded the comparable declines recorded for the United States (2.5 percent), the EEC (3.9 percent) or all industrial countries together (4.2 percent). Furthermore, the import decline exceeded the cut in Canadian exports to non-oil developing countries, widening Canada's longstanding surplus in merchandise trade with these countries. Even with the resumption of economic growth and imports in Canada in 1983, the trade surplus remained with most of the developing countries.

While it is often popularly assumed that such bilateral trade surpluses are beneficial to Canada, it is becoming painfully apparent in the case of many Third World countries that their ability to import from us (especially when they can no longer borrow) is critically dependent on a growing capacity to export to us. Furthermore, Canada may be one of the first to lose orders when they must cut back. In most cases, we are not yet an established supplier to them and Third World governments are acutely aware of both our positive trade balance with them and our discriminatory protection against their products. The continuation of such a record is hardly likely to tilt the balance in favour of Canada against other suppliers.

Protectionist pressure continued to be strong in Canada during the recent recession. Existing bilateral restraints on clothing imports, though extensive, have been viewed by the clothing industry to offer inadequate protection against 'low cost' suppliers in the Third World and Eastern Europe. Unsuccessful attempts were made in late 1983 to tighten restraint agreements with Hong Kong, South Korea and Taiwan. In 1984 a restraint agreement was negotiated for the first time with Indonesia, restricting the entry of mens' trousers and tailored collar shirts; and negotiations to restrict clothing imports from Bangladesh were initiated. The steel and footwear industries also pressed for import protection, and the existing global quota on footwear imports was extended beyond its scheduled November 1984 expiry. As well, the battery of possible trade restrictive measures was enlarged and streamlined with the passage of the Special Import Measures Act in 1984. The act introduced a worrisome new practice of advance "undertakings" between the federal government and exporters that would pre-empt regular anti-dumping and countervailing duty procedures.

Existing restraints on footwear and textile and clothing imports are scheduled to expire soon — at the end of 1985 and 1986 respectively. Both sectors are currently the subject of inquiries launched by the government to determine not only whether injury has been caused or threatened by imports but also to investigate recent industry restructuring and the impact of current trade restraints on consumers, importers and retailers. In the case of footwear, the inquiry will also recommend a formula for phasing out protection.

Canada's protection policies must, of course, be assessed in the context of the current lively debate about our overall trade policy. Canadian interest has recently focussed on improving bilateral trade relations with the United States. This reflects the importance to Canada of the American market — historically, the United States has bought between 63 and 70 percent of all Canada's exports — and the limited impact of the Canadian government's 'third option' policy of strengthening trade ties with other markets, especially in Western Europe. Following the 1983 publication of the government's discussion paper on Canadian trade policy for the 1980s,[4] the discussion of sectoral free trade quickly gained momentum. Agricultural machinery, computer services, urban transportation equipment and textiles and clothing were among the possible candidates for sectoral agreements considered in meetings between Canadian and American officials. Extensive lobbying to deflect proposed American trade measures that would directly damage Canadian export interests is another sign of the new Canadian appreciation of the U.S. market.

In a bilateralist spirit, Canada has had some success in protecting its short-term interests, winning exemption from more general protectionist actions in the steel sector for example. The relatively rapid expansion of the U.S. share in Canada's export markets in the recent period of strong American recovery has added to some popular sentiment for relying ever more heavily on such special treatment in the American market. In view of the changeability of this climate and Canada's enduring long-term interest in an open multilateral trading system, however, Canadian 'victories' of this sort could prove very costly if they were, in fact, steps by the U.S. to retreat from its traditional support of the multilateral system. Although for many other purposes our importance to the U.S. is underestimated, Canada is the largest trading partner for the U.S. and steps taken in this relationship

[4]Canada, External Affairs Canada, *Canadian Trade Policy for the 1980s* (Ottawa: Supply and Services Canada, 1983).

Background

World Trade: Away From Multilateral Order

Bilateral responses to pressing trade issues — actions to restrict or liberalize trade, effected on a bilateral basis — have become increasingly common since the recession. This violation of the GATT principle of unconditional non-discrimination undermines the multilateral policy framework of world trade and with it the protection it can offer to smaller, less powerful trading nations. To an ever greater extent, bilateral trade agreements that fragment world markets are slowing the transmission of recovery through the world economy and weakening the recovery itself. Despite acknowledgements of its value, efforts to repair the multilateral trade policy framework have proceeded slowly, and the United States and other industrial countries seem increasingly willing to pursue their trade interests bilaterally. Developing countries particularly suffer as a consequence, as their export opportunities are limited, and thus likewise their capacity not only to purchase imports but to meet financial obligations.

Despite a strong export performance recently, the value of non-oil developing country exports has only just regained pre-recession levels, rising in 1984 by an estimated 12.9 percent to US $374.1 billion, the first year for which the 1981 total was exceeded.[1] Asian developing countries led this increase (15.2 percent), while those in Africa lagged (8.8 percent). For primary commodity exporters, declines in commodity prices recorded during the recession have not been reversed, despite increases from early-1983 lows and a recent slight improvement in the terms of trade for this group of exporters.

The spurt in export growth has not yet led to a full import recovery. Spending on imports by non-oil developing countries, which fell by a total of 16.1 percent in 1982 and 1983, rose by 8.0 percent in 1984, less than the growth of export earnings. Import spending has not yet reached the 1981 level and remains depressed in many developing countries due to the severe financial pressures they are experiencing. The severe import compression contributed to narrowing their aggregate trade deficit from US$83.8 billion in 1981 to an estimated US$10.5 billion in 1984. Western Hemisphere developing countries, which suffered particularly severe import declines during the recession, saw a shift in the trade balance from a deficit of US$11.3 billion to an estimated surplus of US$25.4 billion over the same period.

A strong trade performance is viewed as vital if developing countries are to achieve a sustainable financial equilibrium. To an ever greater extent, however, trade barriers block the growth of their exports to important industrial country markets. U.S. government decisions in 1984 were a strong focus of attention because of rising protectionist sentiment in that country and the importance of American imports in supporting the international recovery. The U.S. administration has resisted some protectionist pressures and yielded to others. In September, it rejected proposals by the U.S. International Trade Commission which would have granted extensive quota and tariff protection to the copper and steel industries and the U.S. Trade Act, passed in October, excluded several protectionist measures included in earlier versions.

A number of Trade Act provisions are highly protectionist, however. In an unprecedented move, the Trade Act institutes the 'right of establishment' for U.S. firms investing overseas, allowing retaliation if foreign governments restrict investment. Other measures expand the criteria for determining injury to U.S. producers as a result of foreign subsidies and authorize countermeasures if foreign governments set export performance requirements as a condition for accepting American investment. The U.S. administration's decision to negotiate restraint agreements with major 'low cost' steel

[1]Data for this section have been drawn from International Monetary Fund, *World Economic Outlook, September 1984*, Washington, D.C., 1984; General Agreement on Tariffs and Trade, *International Trade 1983/84*, Paris, 1984; and World Bank, *World Development Report 1984*, Washington, D.C., 1984.

are often of vital significance as precedents for the entire international system in which the U.S. remains the largest single actor.

Finance: The Canadian Stake

Financial flows originating in Canada have been no exception to the general drying up experienced by developing countries in recent years. As shown in Table 2, private flows, most importantly direct investment and bank lending, have virtually ceased. The value of Canada's official development assistance, the aid program, has shown little growth in current dollars since 1978, and after accounting for inflation, has in fact fallen. As a result, the flow of financial resources from Canada to developing countries, which already had a higher component of aid than other industrial countries, is now even more heavily comprised of official development assistance and export credits.

As with export flows, this marks a reversal of the trend which was evident prior to 1981. Up to that point, the stock of Canadian-based foreign investment in developing countries had increased quickly, more rapidly than Canadian-based foreign investment anywhere else in the world.[5] Western Hemisphere countries continued to account for the largest share of the developing country total (58 percent in 1981) although this share had fallen since 1975 due to the Brascan divestment and the rapid growth of Canadian investment in Indonesia and other countries of Asia.

The character of Canadian direct investment in developing countries had also been changing. Traditional sectors in which Canadian firms had been involved, utilities and financial services, declined in importance, accounting for only 25 percent of the stock of Canadian investment in developing countries in 1980, down from their 66 percent share in 1975. Most of the increase recorded between 1975 and 1980 took place in the energy and mining and smelting sectors, as is evident in the

[5]Brazil has been excluded from the developing country total in calculating this trend because of the 1979 divestment by Brascan of its utility assets there. Bermuda and the Bahamas have also been excluded due to their status as financial havens.

exporting countries, in order to restrict the U.S. market share of imports to between 17 and 20 percent from the recent 24 percent level, is also highly protectionist. Coming on top of earlier restrictions on steel imports from Brazil, these measures will reduce the export earning capability of a number of financially hard-pressed Third World countries.

Protectionist actions, often effected bilaterally (contrary to the basic GATT principle of unconditional non-discrimination) and particularly affecting developing countries, are only one feature of the current bilateral approach to handling trade issues. Interest is also growing in negotiating bilateral agreements to reduce or eliminate trade barriers between partner countries. Current examples include the U.S.-Israel free trade agreement specifically foreseen in the new U.S. Trade Act, and proposals for sectoral and, now, more general free trade between Canada and the United States.

On multilateral trade policy issues, the Western industrial nations again pledged to speed the pace of trade liberalization at their 1984 summit in London and re-affirmed the decision of OECD ministers to move up by one year the schedule of Tokyo Round tariff cuts. Progress on the work program agreed to at the November 1982 meeting of GATT ministers has, however, been slow. In particular, negotiations to strengthen the GATT Article XIX safeguard procedures governing emergency restraint actions, first scheduled to conclude in late-1983, remain deadlocked. The dispute centres on the issue of selectivity: developing countries strongly object to a European proposal to permit Article XIX trade restraints to be applied selectively against individual exporting countries rather than on a global, non-discriminatory basis. Similarly, agreement has proved difficult to achieve in the GATT Committee on Trade in Agriculture, although consensus has been reached on appropriate objectives and issues for future trade negotiations in this sector.

A further issue that will prove difficult to resolve is the future place in the GATT framework of textile and clothing trade. This was the subject of a report requested by the GATT ministers and completed by the secretariat in 1984. The report questions the justification for continuing to treat this sector as a special case requiring its own trade regime, the Multi-Fibre Arrangement (MFA). As noted in the report, the original justifications for special treatment — the unique threat of 'low cost' imports and the special problems of adjustment within the industry — no longer hold. In other sectors which have been characterized by the emergence of 'low cost' producers and difficult adjustment problems, no special provision has been made to deal with trade issues outside the terms of the General Agreement. Negotiations to renew the MFA, now scheduled to expire in 1986, will open in 1985, and sharp division between industrial and developing countries can be expected.

The United States has increasingly turned its attention to new trade issues, in particular the lack of a multilateral framework for achieving liberalization of trade in services, such as insurance and banking. Together with Japan, it has called for a new round of multilateral trade negotiations which would include services trade as well as current items on the GATT work program. At the November annual meeting of GATT contracting parties, the United States successfully pressed for agreement to exchange information on services between parties and to mandate the secretariat to study the issue with a view to including it in the next round. On another issue, the U.S. won agreement to establish a GATT expert group to consider approaches to controlling trade in counterfeit products. In both cases, the developing countries questioned whether GATT is the appropriate forum for these discussions. They have also argued that the negotiation of longstanding problems, such as safeguard actions, agriculture and textile and clothing trade, presents a formidable challenge to GATT members and should be completed before new items, such as services trade, are added to the negotiating agenda.

Table 2

Selected Financial Flows from Canada to Developing Countries, 1976-83[a]

Year	Direct Investment		Net Private Bank Lending[b]		Official Development Assistance		Total Financial Flows
	$ million	%	$ million	%	$ million	%	$ million
1971-73 avg.	126	12.5	150	14.9	458	45.5	1,006
1976	424	17.1	738	29.8	875	35.3	2,477
1977	415	16.2	524	20.4	1,053	41.0	2,568
1978	637	25.5	343	13.7	1,209	48.3	2,502
1979	–117	–4.4	1,038	38.8	1,237	46.3	2,672
1980	81	2.1	1,485	39.4	1,257	33.3	3,770
1981	399	5.7	2,141	30.0	1,426	20.3	7,009
1982	–10	–0.4	—	—	1,477	69.1	2,136
1983	487	16.5	248	8.4	1,761	59.6	2,956

[a]Other financial flows from Canada to developing countries, including export credits and grants by voluntary organizations are not included in this table.

[b]Change in bilateral claims of resident banks.

Source: *Development Co-operation: Efforts and Policies of the Members of the Development Assistance Committee* (Paris: Organisation for Economic Co-operation and Development (OECD), various years).

Table 3

Exposure of Major Canadian Banks to Latin American Borrowers, January 31, 1984

	Exposure
Royal Bank of Canada	
Exposure	$ 4,203 million
(As a % of loans)	(7.2)
(As a % of primary capital)	(131.6)
Canadian Imperial Bank of Commerce	
Exposure	$ 2,754 million
(As a % of loans)	(5.6)
(As a % of primary capital)	(127.8)
Bank of Montreal[a]	
Exposure	$ 4,167 million
(As a % of loans)	(10.0)
(As a % of primary capital)	(160.0)
Bank of Nova Scotia	
Exposure	$ 3,087 million
(As a % of loans)	(9.0)
(As a % of primary capital)	(145.3)
Toronto-Dominion Bank	
Exposure	$ 2,146 million
(As a % of loans)	(6.8)
(As a % of primary capital)	(111.9)
National Bank of Canada	
Exposure	$ 1,733 million
(As a % of loans)	(12.6)
(As a % of primary capital)	(255.2)
Total 6 Major Banks	
Exposure	$18,090 million
(As a % of loans)	(7.9)
(As a % of primary capital)	(142.7)

[a]Percentage calculation includes the impact of the Harris Bank acquisition.
Source: Dominion Securities Pitfield, *Strategy*, Vol. 4, No. 3, Summer 1984.

increase of their share of the total, from 21 percent to 47 percent over this period.

Perhaps most strikingly, the rapid growth of Canadian private bank lending to developing countries also ended with the full onset of recession. Between 1978 and 1981, the net flow of private bank finance had increased in absolute terms, from $343 million to $2,141 million, and accounted for an increasing share of the total net flow of financial resources from Canada to developing countries. Although this share had been smaller than that typical of industrial countries as a whole, Canadian bank lending to developing countries represented a particularly fast-growing component of Canadian banks' international lending.

As with their American counterparts, the stability and profitability of Canadian banks are now closely tied to the financial health of the major debtor countries. The exposure of major Canadian banks to borrowers in Latin America, summarized in Table 3, accounted for almost 8 percent of all loans outstanding at the end of January 1984 and was equivalent to 143 percent of the primary capital of the six banks. The Bank of Nova Scotia, Bank of Montreal and National Bank of Canada were somewhat more exposed to Latin American borrowers than other Canadian banks, and approached the exposure levels of leading American banks. In large part due to the uncertain prospects of major developing country borrowers, the Canadian Inspector General of Banks has recently set uniform standards for the disclosure of "non-performing

Background

Responses to Third World Financial Dangers

There is still much debate over the severity of the Third World's financial crisis and the appropriate remedies. On the one hand, there is evident satisfaction in some quarters that the financial crisis has abated. Strict austerity (often tied to an IMF adjustment program), the rescheduling of commercial debts, the easing of nominal (though not real) interest rates from their 1981 highs and the resumed economic growth in several industrial countries have contributed, the optimists contend, to an improvement in the economic prospects of heavily indebted developing countries. On the other hand, many analysts and developing countries hold that the Third World's financial crisis is too deep for quick solutions and requires nothing less than a comprehensive reform of the international financial system. In this view the case-by-case approach to the Third World's financial troubles currently favoured by the industrial countries and the international institutions is inadequate to meet the needs of the majority of developing countries.

Contributing to the sense of optimism at IMF and Western economic summit meetings has been the recent upturn in the Third World's economic performance. The output of non-oil developing countries, as a group, increased by an estimated 3.7 percent in 1984, exceeding population growth for the first time since 1981, though the increase still fell below the growth rates typical of the two previous decades.[1] The overall current account deficit of non-oil developing countries, which fell by half between 1981 and 1983, contracted still further in 1984, to an estimated US$45 billion. The sharp fall in imports, which was responsible for the reduction of their current account deficit during the recession, was partly reversed in 1984, while exports, which had shown little growth in 1982 and 1983, grew rapidly. In addition, some of the uncertainty caused by the debt servicing crises of heavily indebted nations dissipated. Brazil and Mexico rescheduled their external debt and Argentina and the IMF reached agreement in principle on an adjustment program.

Growth in the world economy since late 1982 has been confined, however, largely to the United States, Canada and Japan. Their GNP growth, estimated at 7.3 percent, 4.6 percent and 5.0 percent respectively in 1984, has been supported by increases in investment and personal consumption. However, recovery has been slow to spread from this base and rates of economic growth in Canada and the United States, already faltering, are expected to fall sharply in 1985. At the same time, African and Western Hemisphere developing countries, with estimated output growth of only 3.2 percent and 1.1 percent respectively in 1984, have taken little part in the recovery. In these and other nations, the major and often only stimulus to growth has been American imports which, in volume terms, were 41 percent greater in the first quarter of 1984 than in the fourth quarter of 1982.

Very few developing countries have been able to increase exports and thus escape severe domestic retrenchment. Most have had to adjust to external financial pressures with sharp import cuts and austerity measures. The halving of the current account deficit of the non-oil developing countries between 1981 and 1983 was due in large part to their cutting imports by 14.5 percent of the 1981 level. Import cuts have been

[1]All data in this paragraph have been drawn from International Monetary Fund, *World Economic Outlook, September 1984*, Washington, D.C., 1984.

particularly deep for a number of middle income, heavily indebted countries. The volume of Brazilian and Argentinian imports, for example, fell by 20 percent and 50 percent respectively between 1980 and 1982, while the volume of Mexican imports fell by 35 percent in 1982 alone. Although on average not so sharp, the import declines of developing countries in Africa, which began in 1981, have also been serious. This retrenchment is evident in disrupted investment plans, falling per capita incomes and political unrest characteristic of many hard-pressed developing countries. Although the decline of import volumes seems to have been halted, the economic and political damage will not be quickly repaired.

The *sense* of crisis may have passed, but the financial pressures on developing countries continue. Net inflows of private bank financing to non-oil developing countries fell sharply from a peak US$71 billion in 1981 to US$20 billion only two years later. Private bank lending to developing countries not linked to IMF adjustment programs or debt-rescheduling agreements has virtually ceased. Interest payments due on the outstanding external debt of non-oil developing countries, estimated at US$64.7 billion in 1984, now substantially exceed the net inflow of finance, US$45.4 billion.

At the same time, other sources of finance have stagnated or been subject to serious constraints. Growth in export earnings, though substantial, has been hindered by trade protectionism in the industrial countries, by declining primary commodity prices and by reduced demand for exports due to recession in both industrial and Third World countries; the purchasing power of their exports has been reduced by their deteriorating terms of trade, which fell by 15 percent between 1978 and 1983; and flows of official development assistance have stagnated, in real terms. Developing countries remain acutely vulnerable to increases in U.S. interest rates (such as those of the second quarter of 1984) and rises in the value of the American dollar, both of which add to their debt servicing burdens.

The view that a short period of austerity will do little to treat the root causes of the ongoing financial crises stands behind calls for reform to the world financial system. Latin American leaders made this case forcefully in the declaration issued at the end of the June conference of 11 Latin American nations in Cartagena, Colombia. Among the measures proposed to ease the debt-servicing burden were the reduction of interest rates to pre-agreed maxima and/or the limitation of debt service payments to a fixed proportion of export earnings with any excess either capitalized or forgiven. It has also been suggested that the IMF create a facility to provide short-term compensatory finance when debt service payments rise as a result of interest rate increases. The Cartagena Group has been joined by the Group of 24, a developing country caucus at the IMF, in this last proposal and in its call for a reorientation of IMF 'conditionality' to emphasize unemployment reduction and the promotion of economic growth.

A Commonwealth Expert Group headed by Lord Lever issued a report in September which also dealt with the deteriorating financial position of developing countries.[2] The report assailed the belief, prevalent in the North and in many international institutions, that continued recovery in the North, economic adjustment in developing countries (including the accumulation of large trade surpluses), and resumed commercial bank lending will restore the financial health of developing countries. The Commonwealth group argued for a resumption of resource transfers to developing countries, requiring measures to encourage new lending and foreign investment, and the negotiation of longer term debt-rescheduling agreements. Special measures were also proposed for low-income developing countries, including the reactivation of the IMF Trust Fund (established in 1976 to provide concessional balance of payments assistance to such countries) and an interest subsidy account (which reduces the cost to low income developing countries of exceptional IMF financing). The group also called for substantial increases in development assistance, including debt write-offs, multi-year debt rescheduling at reduced rates of interest, and additional resources for the International Development Association (IDA), the World Bank affiliate oriented to the needs of the poorest developing countries.

Many industrial countries, however, reject generalized measures such as those advocated in the Lever report. The London summit declaration proposed a continuation of the current case-by-case approach to debt refinancing, with multi-year rescheduling to be offered when debtors have undertaken "successful efforts to improve their position". Largely in response to U.S. pressure, the World Bank and IMF have taken a less active role in providing finance to developing countries. Three-year and cumulative access to IMF financing, when expressed as a percentage of members' quotas, was cut back, across the board, for both 1984 and 1985. Low-income developing countries have been particularly hard hit because of the lower than average increases they received in the late-1983 review of IMF quotas. Tougher conditions were attached to the use of the Compensatory Finance Facility at the end of 1983, and a proposal for a further issue of Special Drawing Rights, of primary interest to developing countries, failed to gain sufficient support. In addition, agreement was reached in early 1984 on a three-year replenishment of only US$9 billion for IDA, much less than the minimum US$12 billion sought by World Bank management and supported by most donors. Canada's new government, however, has gained the support of the IMF/World Bank Development Committee in its call for a review of the IDA funding level mid-way through the current replenishment.

In spite of the halting international responses in 1984, there is a growing body of opinion favouring a comprehensive long-term response to the financial crisis that recognizes the links between monetary, debt and trade issues. The report of a 1983 Commonwealth Study Group, *Towards a New Bretton Woods*[3], in particular, emphasized this need and suggested consultations with a view to the possible launch of a major conference on the reform of international financial and trading arrangements. The IMF Interim Committee and the IMF/World Bank Development Committee have agreed to devote a portion of their spring 1985 meetings to a wide-ranging consideration of issues affecting Third World development and the world economy. This proposal was

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[2] *The Debt Crisis and the World Economy*, Report by a Commonwealth Group of Experts (London: Commonwealth Secretariat, 1984).

[3] *Towards a New Bretton Woods, Challenges for the World Financial and Trading System*, Report by a Commonwealth Study Group (London: Commonwealth Secretariat, 1983).

actively promoted by Canada at the September IMF and World Bank meetings and at the earlier meeting of Commonwealth finance ministers. The Interim Committee will discuss balance of payments prospects and adjustment efforts in "a medium term framework" while the Development Committee will consider indebtedness, protectionism, commodity prices, and the structure of capital flows in relation to developing country efforts to promote economic growth. Many developing countries regard the planned discussions as diversions from the pursuit of reform and consider the IMF/World Bank forum inappropriate. These discussions, however, represent the only available 'window of opportunity' at present, and if properly planned, they could constitute an early step in the direction of desired reform.

loans" and has required banks to make general provisions for possible losses on sovereign risk loans. The interests of Canadian banks, their depositors, shareholders and customers are now inextricably linked to the long-term improvement of the trade and financial prospects of Third World countries.

In the earliest days of the new Progressive Conservative government, the minister of finance, Michael Wilson, acknowledged that "... the courageous adjustment programs of many developing countries ... are now beginning to show results". At the same time he recognized the responsibility of banks and governments in the North to support such adjustment efforts.

> Private creditors must continue to demonstrate flexibility in dealing with those countries which respond to their debt problems with realistic and effective policies. For our part, governments in industrial countries must provide adequate financial support through the multilateral institutions and through bilateral development assistance, particularly to the poorest.[6]

The African Crisis: Lessons and Questions for Canadian Aid

The tone of public discussion about Canadian development assistance changed dramatically in the final months of 1984. Until the crisis of African drought and famine was literally brought into Canadian homes by the media, official statements and actions had been drifting steadily away from Canada's traditional "priority for the poorest".

The Liberal Budget of February 1984 confirmed the trend of some years past when it announced the creation of an "Aid-Trade Fund" designed explicitly to use a rising share of Canadian official development assistance funds to subsidize the financing terms on export deals, when Canadian firms are competing with other suppliers. This full Canadian entry into the war of *crédit mixte* came on top of continuing tight 'tying' of Canadian aid to purchases in Canada and prolonged uncertainty about fundamental aid objectives since CIDA's government's 'basic needs' strategy of 1975-80 expired, and was neither renewed, revised or replaced. In this policy vacuum, and in an atmosphere of austerity and inwardness at home, Canada's aid planners have been feeling increasing pressure to justify, and use, development aid for short-term benefits to *Canadian* firms and organizations of all kinds, rather than for its Third World impact. The pressure for this kind of aid has grown as several middle income countries of commercial interest to Canadian firms have been forced by the cutoff of commercial credit to compete with the poorest countries for concessional aid funding.

Canadian official assistance to the world's least-developed countries (mostly in sub-Saharan Africa) barely held its share of the total aid budget in recent years, and by the end of 1983 had still not regained the special international target for these countries.[7] Canada had attained this target in 1975 and then let it slip.

More specifically, Canada allocates approximately 40 percent of its bilateral aid to sub-Saharan Africa and recently made provision for more flexible forms of aid transfers to that region. However, the aid budget for the region has remained almost stationary in real terms since 1980. With the cutbacks announced in November affecting the entire aid program, no assurances have been given that Canadian aid to Africa (beyond immediate food relief) will be quickly increased. It is not yet clear whether the government's $50 million "Special Fund for Africa", also announced in November, is made up of 'new' funds, funds restored from previous cuts, funds reallocated from other parts of the program or some combination of these sources.

Now that the severity and long-term nature of the development challenge in Africa is beginning to be understood (not to forget those extremely poor countries in other regions that share similar problems), the real purposes and priorities of the aid program cannot fail to be a central issue of the Mulroney government's impending foreign policy review. As in the past, there will be some tendency (particularly if public concern for Africa wanes) to try to meet Canada's humanitarian, commercial, political and developmental objectives and expectations all at once.[8] The African crisis attests in part to the past failure of such a compromise approach by Canada and other donors. If the Mulroney government sustains its planned cuts and rollbacks of longer-term aid targets, there will be even fewer resources to go around.

Canadians should understand clearly that there is, and must be, a *choice* between aid for basic development help to the poorest people on the one hand, and aid designed to subsidize Canadian sales on the other hand. The bald fact is that the poorest countries and people and the projects that benefit them are rarely the most attractive markets for most Canadian industries, universities and other institutions. However politely we may skate over that fact in our discussions here, others see us for what we are. One African representative in Ottawa, reflecting recently on the Aid-Trade proposal and all the related stress on Canadian commercial interest in aid in our public discussion, cut sharply through the fog of Canadian rhetoric and euphemism. *"We know what this would really mean — less for our countries."*

[6]Canada, Department of Finance Canada, "Notes for Remarks by The Honourable Michael Wilson, Minister of Finance for Canada, to the Joint Annual Meeting of the International Monetary Fund and World Bank", Washington, D.C., September 24, 1984, p. 6.

[7]See OECD, *Development Co-operation, 1984 Review*, (Paris, 1984), Table VI-5, p. 89, for detail on Canadian aid to the least developed countries. In 1981, the donor community agreed to a target for aid to these countries of 0.15 percent of each donor nation's GNP.

[8]The multiple objectives of the Canadian aid program are discussed in the preliminary report of the North-South Institute's aid evaluation study. See "Special Edition: Aid Evaluation", *North-South News*, May 1983.

Background

Development Crisis in Africa

The latter months of 1984 rivetted attention on the development problems of Africa. Famine scenes in Ethiopia and possible mass starvation elsewhere on the continent prompted major, though belated, relief operations by the publics and governments of industrial nations. As development agencies and African governments acknowledge, however, Africa is gripped by a broader development crisis marked by widespread and serious economic difficulties beyond the highly publicized hunger situations.

Famine is occurring in Ethiopia, Chad, Mali, Mauritania and Mozambique, and 22 other countries are experiencing worsening food shortages, according to the UN Food and Agriculture Organization. Drought is the immediate cause in many cases, a drought that has lasted for three years: food production in 24 stricken African countries fell by 15 percent between 1981 and 1983.[1] In many areas, however, agriculture was already severely weakened by ecological deterioration, government biases toward urban areas and disruption caused by armed insurgents. Between 1970 and 1980, total food output grew at an annual rate of 1.6 percent, but on a per capita basis fell by 1.1 percent per year. Food imports, once more, have increased rapidly and now supply one-fifth of the continent's food requirements.

Sub-Saharan Africa continues to lag according to other development indicators as well: literacy rates, educational levels and life expectancy are below, and child mortality two times greater than developing country averages, while population growth (exceeding 3 percent) is the most rapid of any region in the world. Overall economic growth has slowed, and when population growth is considered, has actually been reversed. An 11 percent drop in per capita GNP between 1981 and 1983 more than offset the gains made during the previous decade when per capita GNP grew by 7 percent. Output and trade growth resumed in 1984, but at rates below those of the industrial world or the oil-importing developing countries as a group. The current international economic recovery has largely by-passed Africa.

Views differ on the root causes of the problem. It is often argued that external factors are to blame: high oil prices, rising interest rates and the falling purchasing power of Africa's exports together with an uncertain climate, have aggravated existing difficulties and hindered effective action by governments. Against this, the World Bank and others lay much of the responsibility on the governments themselves, whose inappropriate policies, it is alleged, have reduced the productive capacities of African economies. There is a consensus among aid donors and many African governments that policy reforms are necessary.

Governments and major donors also concur that continued injections of finance will be required to support development programs. Development assistance, a key component of Africa's external financial flows, accounted for 68 percent of net capital inflows to sub-Saharan Africa between 1980 and 1982 and over 90 percent of the external financial receipts of 15 African countries, including many of the poorest. Stagnating aid flows and rising service payments on existing foreign debts (service payments are expected to increase four-fold between 1980-82 and 1985-87) will sharply reduce net inflows of essential finance.

In its latest report on sub-Saharan Africa, the World Bank has proposed a "Joint Program of Action" to deal with this grave prospect. The report contains proposals for economic rehabilitation programs, improved program implementation and monitoring, support for economic reforms, and basic programs in the health, education and population sectors. The Bank considers it necessary to maintain net capital inflows to Africa at the 1980-82 level in real terms, and proposes an increase in gross aid disbursements in the order of US$2 billion per year over and above the current level of commitments. It wants this additional funding to be placed in a special facility to support economic reform programs.

Although the Bank's proposals met with approval at the September meeting of the IMF/World Bank Development Committee, the required funding will not quickly materialize. The United States does not support the initiative, preferring instead a bilateral approach to African assistance. The U.S. Congress recently approved an "Economic Policy Initiative" for supporting reforms in Africa, worth US$75 million in 1985. If official statements and allocations of American aid in Africa are any guide, however, these new funds are likely to benefit only a small number of favoured countries of political interest to the U.S.

Due to the funding difficulties encountered by two multilateral institutions particularly important to Africa— the International Development Association (IDA) and the International Fund for Agricultural Development (IFAD) — even current, inadequate levels of development assistance to Africa may not be maintained. The most recent three-year IDA replenishment of US$9 billion, agreed to in January 1983, fell well below the US$12 billion considered necessary if IDA disbursements were to be maintained in real terms. The World Bank notes that even if sub-Saharan Africa's share of future IDA disbursements rises by 5 percent, it would actually receive 21 percent less in real terms over current levels. At present Africa receives approximately 37 percent of IDA's disbursements. IFAD, directed in large part to programs supporting the small farm sector in low-income countries, is also threatened. Donors are currently locked in dispute over the share of the three-year $1 billion replenishment agreed to in March to be provided by the oil-exporting and OECD groups of countries. The Organisation of Petroleum-Exporting Countries (OPEC) wishes to reduce its funding share due to the worsening current account position of member countries, while the United States has been adamant in refusing to accept any change in the current 42:58 OPEC/OECD funding split.

The crisis in external finance for Africa is at odds with the agreement of all observers that rising levels of development assistance are essential. Other financial measures as well have been proposed to assist low-income countries — including those of the Lever Report, outlined previously, to write off certain debts and reschedule others on generous terms — in order to accelerate the net transfer of resources and meet development goals. Although immediate relief will still be necessary in famine-stricken areas, the principal challenge is the need to support long-term, basic development, the achievement of which is a necessary part of eliminating famine.

[1]Data for this section has been drawn from World Bank, *World Development Report 1984*, Washington, D.C., 1984 and *Toward Sustained Development in Sub-Saharan Africa — A Joint Program of Action*, 1984, and OECD, *Development Co-operation, 1983 Review*, 1983.

The Mulroney Foreign Policy Approach: Tests Ahead

This review and outlook has traced some of the important connections between the rapidly-evolving international situation and the goals, strategies and questions raised in the Mulroney government's program of change for Canada. The connections are sometimes easy to see, sometimes more difficult, but it is clear that as they consult about their future, Canadians will have to grasp the realities of a much wider world.

Realism forces us to recognize that world conditions will not always suit Canadian preferences and interests. But it is neither necessary nor justified to passively accept what comes. The new government's initial foreign policy statements have shown a fairly hard-headed appreciation of these facts of life and what Canada can do about them. The Speech from the Throne laid out a framework of principles and this has been reiterated in several settings since by the external affairs and finance ministers:

> Canada's opportunity to influence the course of world events lies primarily in sound multilateral institutions. This is as true of economics as it is of defence, of development, and of disarmament.[9]

On several of the key issues on the agenda for 1985, the government's central commitment to multilateralism will be tested. This is true particularly because its spirit diametrically differs from that prevailing in the current U.S. administration, with which the government seeks closer and better relations across-the-board. There is no necessary inconsistency or conflict in the two governments pursuing different approaches to international cooperation or placing a different priority on multilateralism, but effective independent action by Canada requires a mature and sophisticated understanding at the political, official, media and public levels of long-term Canadian interests.

While Canadian reliance on multilateral cooperation to help deal with the problems of the modern world is firmly rooted in logic and national interest, it can be neither complacent nor uncritical. True, much of the postwar multilateral machinery is strained, cumbersome or inadequate to the challenges of today's more complex interdependence; true, member states and the secretariats of some international organizations have sometimes slipped into intemperance and inefficiency which must be rectified. But it is also dangerous to expect too much from the international organizations — the world will not get more out of them unless it puts more in.

Specifically, in 1985, the emerging Mulroney program will confront a number of international tests and the outcomes will do much to shape both Canada's new image in the world and the effectiveness of economic renewal at home.

UNESCO and Multilateral Renewal

December 31, 1984 was the U.S. withdrawal date from UNESCO and the U.K. has given notice of a similar intention for one year later. There will be continuing pressure and temptation for other Western countries to join in such threats and the wider abandonment of multilateralism of which they are a part.

To date, Canadian federal governments, both Liberal and Progressive Conservative, have adopted a different approach to the review and reform of multilateral organizations. Prime Minister Mulroney has pledged that his government "will play a more active role in the United Nations and its agencies",[10] and External Affairs Minister Clark has expanded on the theme, in the context of the UN's preparations for its fortieth anniversary, with a strong commitment to work, with other governments, to strengthen the UN system, "based upon a realistic assessment of what has gone wrong and what has gone right".

Mr. Clark's general assessment in New York of "what has gone wrong" was consistent with the positions of his Canadian predecessors in its realistic and constructive tone, frankly Western democratic assumptions, and willingness to accept a share of responsibility for both the problems and the solutions. In fingering UNESCO as "a serious offender" in recent years in the "over politicization" of technical agencies, Mr. Clark urged stepping up "the momentum to bring UNESCO back into balance".

This patient but insistent approach to UNESCO reform and a willingness to reinforce the multilateral system generally reveals a different world view on the part of Canada and most other Western countries than that now emanating from official Washington, but one thoroughly consistent with the deeper and longer postwar U.S. tradition of multilateral leadership. Under present circumstances, that leadership must fall to others, beginning with the issue of UNESCO reform.

For a Canadian government to be able to maintain an independent course of "constructive internationalism" in these circumstances, it will probably be required to make concrete multilateral renovation a central foreign policy priority. This would necessitate a high-profile role of world leadership in this area, along with the very few other countries as well equipped and well accepted. Only thus could the necessary base of public support be maintained at home.

Mr. Clark's initial statements to the UN have laid the groundwork. The foreign policy review and specific actions must provide the follow-through in UNESCO, UNCTAD, and a whole alphabet of other agencies. Such a Canadian role, beyond mere expressions of concern, will have to include such tasks as organizing diagnostic and prescriptive work where necessary, providing strong contingents of well-qualified Canadians to serve on secretariats, and attempting to anticipate the wider debate around organizations with either constructive criticism or expressions of support, wherever either is justified.

Social Justice: The UN Decade for Women

The final review conference of the UN Decade for Women in Nairobi in July 1985 will provide a special opportunity for the Mulroney government to follow through internationally on some of the key themes of social justice highlighted during the 1984 federal election campaign. Proper consideration of the worldwide situation of women will have major implications for the review of Canadian aid policy, since women in most countries are among the poorest of the poor, and in Africa make up the majority of

[9]Canada, Senate, "Speech from the Throne", *Debates of the Senate*, 1st Session, 33rd Parliament, November 5, 1984, p. 7.

[10]Cited by External Affairs Minister Clark. See Canada, External Affairs Canada, "Notes for an Address by the Right Honourable Joe Clark, Secretary of State for External Affairs of Canada, to the 39th Session of the United Nations General Assembly", New York, September 25, 1984, p. 3.

the continent's farmers. It is also time to look at the more complex repercussions of international trends on female populations and to ensure consistency between Canadian approaches domestically and internationally.[11]

Trade, Protectionism and Economic Renewal

The launching of a new round of multilateral trade negotiations, particularly to halt the spread of non-tariff barriers, is a crucial requirement to restore sound economic conditions internationally and in Canada. Even while such a round is being prepared, Canada has the opportunity to arrest the accumulating inefficiencies (not to speak of inequities) in the special barriers we erect against poor countries, such as import restrictions on textiles and clothing under the discriminatory international Multi-Fibre Arrangement. Although the overall costs of such protection to industrialized economies are now well understood and documented,[12] Canadian and other governments have often backed away from necessary reforms because of a short-term political preoccupation with the immediate, legitimate concerns of import-competing sectors.

The Mulroney government, with a truly national majority, a full term to serve, and a declared commitment to market-oriented economic renewal, has an unprecedented opportunity to act in the national interest, by simultaneously promoting more efficiency while assisting the Canadian workers and communities most affected to adjust. It is noteworthy that the Throne speech gave strong support to a "concerted attack on non-tariff barriers" and acknowledged that "no country, including Canada, is blameless" in this area, but that these distortions and inefficiencies in government policy were not very prominent among those listed in the *Agenda for Economic Renewal*. Since few interest groups are prepared to press for rationalizing this aspect of trade policy (but many will call for further protection), it is up to the federal government to maintain, and strengthen, the integrity of this important part of its economic renewal program during the process of public consultations in coming months.

Multilateral Assistance: Backing up Commitment

Some of the most important and effective multilateral aid organizations are being critically weakened at this time when they are needed most. This is mainly a result of diminishing and grudging American support, and of the tendency for other donor countries to cut back as well under the pretext of 'burden-sharing' with the U.S. In the light of continuing U.S. under-funding, even of the institutions most friendly to it, and Canada's central commitment to multilateral approaches, events in 1985 will call on the Mulroney government to lead other donors in changing the 'burden-sharing' approach.

The response in January to the World Bank's Special Fund Appeal for Africa and re-examination in the spring of the Bank's IDA program will be major tests, as will the funding crisis of the International Fund for Agricultural Development, and several other agencies. To meet such tests, the government will have to resist the trend to further bilateralization of our aid programs, and it should encourage Canadian firms and institutions to compete more effectively for the much greater volume of multilateral business.

The overall updating of the Bretton Woods finance, monetary and trading systems to handle the different demands of today's interdependent world will be long, complex and difficult. Canada has a stake in improved international stability and efficiency, it has specific national interests to pursue, and it has a concern to make the systems more responsive to the special needs of developing countries. As in the postwar period, Canada can pursue a disproportionately useful, if not always glamorous, role in this kind of work. The 1985 calendar already offers opportunities to do so.

Key Openings for Canadian Action in 1985

- Meeting of OECD finance and foreign ministers, Paris, April 11-12.
- Meetings of the IMF Interim Committee and the World Bank Development Committee, Washington, D.C., April 17-19.
- Summit meeting of leaders of the seven Western industrial countries, Bonn, May 2-4.
- World Conference to Review and Appraise the Achievements of the UN Decade for Women, Nairobi, July 15-26.
- 40th session of the UN General Assembly, New York, opening September 17.
- General Conference of UNESCO, Sofia, October 8 – November 12.
- Meeting of Commonwealth Heads of Government, Nassau, October.
- Annual meeting of GATT contracting parties, Geneva, November.

[11]These issues will be considered in a study co-sponsored by the North-South Institute and the Office of the Coordinator, Status of Women Canada, to be published later in 1985.

[12]The costs to the Canadian economy of restraints on clothing imports were examined by Glenn P. Jenkins in *Costs and Consequences of the New Protectionism: The Case of the Canadian Clothing Sector* (Ottawa: North-South Institute, 1980).

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